

4/27/78

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 4/27/78;
Container 73

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Joe Stewart to Sen. Byrd, 49 pp., re:Arms sales, Oil <i>Opened 2/3/92</i>	4/26/78	A
Memo	to Pres. Carter, 1 pg., re:Personal matter	c.4/27/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
Handwriting File 4/27/78 Box 82

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

If three separate plane sale proposals are submitted for Israel, Egypt and Saudi Arabia which do not change the balance of power in the Middle East and the F-15's to the Saudis are not based at Tabuk and are basically defensive, will you vote to sell the planes to all three - Israel, Egypt and Saudi Arabia?

Democrats

16 Y

19 N

10 L+

4 L-

8 ? → L+

6 ? → L-

*avoid
"pkz"
"all or none"*

POLL RESULTS SUMMARIZED

Definite	<u>Yeas</u> 16	<u>Nays</u> 19
Leaning	10	4
Undecided (estimated results)	<u>8</u> 34	<u>6</u> 29

United States Senate

SECRETARY FOR THE MAJORITY

April 26, 1978

MEMORANDUM

TO: Senator Byrd

FROM: Joe Stewart

RE: Senators' Comments re: Poll

1. - "probably not."
2. No, unless we can change numbers and configuration.
3. Strongly favors package approach; disappointed that Leader would even consider any other approach.
4. Probably will support.
5. Supports all or nothing - prefers package.
6. - Supports all or nothing - prefers package.
7. Strongly prefers package (I feel he would support this approach if package not available.)
8. Probably yes, unless Israel turned planes down. Does not favor planes to Israel without also providing to Egypt and Saudi Arabia.
Byrd's ?
9. Not prepared to commit - feels language is ambiguous.
10. Undecided - not inclined to support package deal.
11. - Does not support package deal and probably will not support this approach.
12. Yes, but prefers package deal recommended by Administration.
13. - Opposed unless linked to peace agreement.

14. Can't honestly say that he would support.
15. "Has no idea what the whole thing is about."
16. Yes, would probably support this proposal, but is definitely opposed to Administration's package deal.
17. Leaning yes.
18. - Yes, but prefers Administration's package approach.
19. Not prepared to say "yes or no."
20. - Prefers not to make decision now.
21. - Probably yes and would also support Administration's package deal if reservation re: defensive and Tabuk are included.
22. - Completely undecided at this point.
23. - Yes, but it will be rough.
24. - Yes, "or Administration's package deal."
25. - Yes on this proposal or Administration's package if all three nations taken care of.
26. No clear idea at this point. Tends to follow Administration but prefers to study issue more.
27. Probably yes.
28. Says timing wrong - can't separate or Israel will get planes and Arabs will not. However, strongly feels entire issue should be postponed for six months or more.
29. - Yes, but prefers Administration's package approach.
30. At this point supports Administration's package approach.
31. Yes, but prefers package approach.
32. No commitment at this time.
33. - Will not support planes for Saudis in "any fashion whatsoever."

34. Undecided.
35. Would like to be helpful but touchy issue and election year. Planes okay for Egypt and Israel, but leaning against Saudis.
36. Reluctantly yes, but prefers Administration's package.
37. Has great reservations about this proposal and Administration's package deal.
38. Favors all or none approach by whatever method necessary.
39. Not prepared to say, but probably against this proposal and also Administration's package deal.
40. Opposed to this proposal and also Administration's package proposal.
41. - No on this proposal and Administration's package proposal - Would speak against and vote against both.
42. - Favors planes to all three or none by whatever method necessary.
43. No - President Carter's package and this proposal do affect "balance of power." Wants opportunity to change both numbers and configuration.
44. - Does not think this language is right approach. Does not think Leader should get involved in either this issue or the Greek-Turkish issue. Feels Leader should let Democrats slug it out and let chips fall where they may.
45. Thinks not. Will not support package approach or this approach. Would support planes for Israel and Egypt but not for Saudis.
46. - Favors any plan to provide all or nothing. Either this proposal or the Administration's package proposal.
47. - Said he does not favor this approach, because it will mean no planes for Egypt or Saudis. Strongly supports Administration's package deal.
(Note: Am sure he would support this proposal if it was backed by Administration.)
48. Reserves right to study issue.
49. - Mind not made up.
50. - Current numbers do change balance of power; therefore, cannot support this proposal.

Senator Byrd
April 26, 1978
Page 4

Re: Senators' Comments re: Poll

51. Remains "open on question." Says he doesn't feel you pick up any support by adding Tabuk or defensive reservations.

February 16, 1978

Q. Are these three sales considered a "package deal"? What are the implications of linking the three sales together?

A. -- All of these sales are directly related to our broader political objectives in the Middle East. Israel, Egypt and Saudi Arabia are all three nations which will have to cooperate actively in the peace process if it is to succeed.

-- The effectiveness of the U.S. role in the Middle East dispute is dependent on the good relations and confidence which we have been able to maintain with parties on both sides of the conflict.

-- And finally, this package has been designed so as not to give any party a new advantage over potential adversaries in an Arab-Israeli conflict: the Saudi sale is designed essentially to upgrade that nation's limited air defense capability; the Egyptian sale fills the gap caused by the termination of Egypt's military relationship with Russia; and, the sales to Israel are consistent with our policy of assuring that Israel's ability to defend itself is unquestioned.

-4-

February 15, 1978

Q. How do these sales contribute to negotiations for a Middle East peace?

A. — We have debated this point very carefully over a long period of time.

— We believe that the sales will strengthen the security of each of the countries and, as a consequence, enhance their self-confidence and willingness to participate meaningfully in negotiations for a peace settlement, or in the case of Saudi Arabia to continue to play a moderating role in the process.

February 16, 1978

Q. How can sales to the Egyptians and the Saudis, even given the sales to Israel, not affect the military balance?

A. A balance, by definition, is a relative measure. The military balance is favorable to Israel, even more so today than in 1973. That is not to say that Israel has no legitimate need for modern aircraft; it does. Some of the aircraft in its inventory are nearing the end of their useful life. The aircraft we offer Israel will, of course, increase the overall capability of the Israeli Air Force, but they are not totally additive since they replace older equipment. On the other side of the balance, the introduction of F-5s to replace Soviet equipment in Egypt's forces, especially given the relatively small number of F-5s offered, will still leave Egypt relatively less well off with respect to aircraft than they were in 1973. As for Saudi F-15s, they will increase Saudi capabilities. But even if one chose to place the Saudi F-15s in the balance, the Israelis would still be in a relatively better position than 1973.

I know that it is difficult to consider the balance in anything other than Arab-Israeli terms. The fact is, however, that both Egypt and Saudi Arabia have legitimate military requirements unrelated to Israel.

February 16, 1978

Q. How do you square these sales with the President's policy of restraint in arms transfers?

A -- The President's policy envisages a need to continue to make sales of major weapons systems in support of U.S. national security interests and the national security needs of our friends and allies. His announcement of May 19 stated: "We will continue to utilize arms transfers to promote our security and the security of our close friends."

-- We have carefully studied these requests and believe that the proposed sales are essential for the security of these countries which are important to our own security:

- We have an historic responsibility to assure the security of Israel;
- The Saudi role in promoting a Middle East peace settlement and in cooperating with the U.S. on energy and financial matters is of fundamental importance to our national well-being; and,
- Egypt's role is crucial to the achievement of a Mideast peace. Since Egypt's termination of its military relationship with the USSR, the Egyptians have understandably looked to us for support.

February 14, 1978

Q. Is the sale of aircraft to the three countries consistent with the specific guidelines of the President's Arms Transfer Policy?

A. — Yes. New or more advanced systems are not being introduced into the region. The Letters of Offer (LOAs) for the sale will be spaced over two to three years in order that they may be accommodated within the ceiling.

February 14, 1978

Q: What effect will these sales have on the arms transfer ceiling?

A: In a word, none. As is normal practice for a major aircraft sale, these sales will be made over a period of years. They will not breach the ceiling in FY '78 or beyond. The LOAs signed in FY '78 will be accommodated within the ceiling of \$8.6 billion.

February 14, 1978

Q: Does the sale of F-16 violate that portion of the President's arms control policy which provides that the United States will not enter into a commitment to transfer a weapons system until that system is operational with U.S. forces?

A: No. The Air Force will take delivery of the first operational F-16s this summer. It is not likely that an LOA with Israel could be signed before then.

February 14, 1978

Q. How good is the F-16 compared to the F-15?

A. Both are advanced fighters. The F-15 is superior to the F-16 in the overall air-to-air role. The F-16's air-to-ground capability is superior to the very limited capability of the F-15 in that role.

February 15, 1978

Q. Do the Saudi F-15s and the Israeli F-15s differ?

A. No. The configuration is the same.

Note: Because of an Engineering Change Proposal (ECP) F-15s currently being produced -- thus, those which would be delivered to Israel or Saudi Arabia -- hold 2,000 lbs (roughly 300 gallons) more internal fuel than the F-15s being delivered to Israel now.

February 14, 1978

Q. How good is the F-5 as compared to the F-15/F-16?

A. The F-5 is a proven and effective fighter with an excellent maintenance record; however, it is not as sophisticated as the F-15 or F-16.

February 14, 1978

Q. Can the F-15 be used for air-to-ground attacks?

A. Yes, the F-15 could be used as a bomber if one were willing to risk a very expensive first class air superiority fighter in such a role. Keep in mind that the F-15 was designed for air-to-air combat. It has only a limited, visual air-to-ground capability and in that role it enjoys no special immunity from ground defenses that put it at risk.

February 16, 1978

Q: Why were the sales to Egypt and Israel reduced below the number of aircraft requested, but Saudi Arabia was given the exact number it sought?

A: -- Each of the sales was considered on its merits in relationship to the country's security requirements and the threat that it faces.

-- Saudi Arabia is phasing out its aged Lightning aircraft and needs an air defense capability to replace those planes. The planes proposed for Saudi Arabia -- 45 F-15s and 15 F-16 trainers seems appropriate to the threat the Saudis will face over the next decade.

-- We ~~do not~~ believe that the number of aircraft proposed for Israel will allow Israel to maintain a considerable margin of air superiority over its Arab neighbors for the foreseeable future.

-- The sale of a relatively small number of F-5s to Egypt will not affect the military balance. Egypt needs the additional air defense aircraft in view of the termination of the Soviet supply of planes.

February 14, 1978

Q. Will the U.S. consider sales to Israel and Egypt at a later date of the aircraft denied them on this sale?

A. — Our decision on the numbers of aircraft we will sell to the three countries responds to our evaluation of their requirements for an adequate defense.

— Obviously if the security situation changes and an evaluation shows that additional aircraft should be supplied in order to maintain the military balance we will carefully consider that proposal.

FYI: The total Israel request was for 150 F-16s and 25 F-15s. The total Egyptian request was for 120 F-5s.

February 16, 1978

Q: What else will be sold to the Saudis/Egyptians/Israelis?

A Sales of these aircraft will, of course, entail what we call follow-on support. That is, sales of supporting equipment relating to efficient use of the aircraft. As for military items over and above those relating directly to these aircraft, and those previously approved, no decisions have been made.

February 14, 1978

Q. When will the planes be delivered?

A. Production rates and availability of support equipment vary among the three types of aircraft. Training also plays a part as well as the ability of the respective countries to absorb the equipment.

Egypt will begin receiving F-5s in approximately the third quarter of 1978 with delivery of 10 aircraft to be used initially for training in the United States. Deliveries are staggered, thereafter, with 20 in CY 1979, 10 in 1980, and 10 in 1981.

For Saudi Arabia, delivery of the first six RSAF F-15s in the U.S. for training should take place during 1981 with delivery in-country beginning in 1982 and extending through 1983.

Delivery of Israel's F-15s also begins in the third quarter of 1981 with five aircraft. Five more will be delivered in the fourth quarter of that year and the final six will be delivered in the first quarter of 1982.

Israel will begin receiving F-16s in the fourth quarter of 1981 with five aircraft. Thereafter, deliveries will be at the rate of 10 per quarter until the final 10 are delivered in the third quarter of 1983.

February 14, 1978

AIRCRAFT DELIVERIES

Q. Why are we delivering planes more quickly to Egypt than to Israel?

A. We are currently delivering F-15s to Israel. Subsequent deliveries of both the F-15 and F-16 must be carefully planned since both systems are just now coming into the U.S. inventory. The F-5 is not in the U.S. inventory and production for Egypt could begin without delay.

February 16, 1973

Q. Do the Saudis/Egyptians have an alternative source of supply?

A. Both nations have purchased various military equipment from other sources, and they may do so in the future. In the case of Saudi Arabia, they have chosen to rely heavily on the United States for advice in developing their security forces and they clearly prefer American aircraft to other Western sources. Egypt has also indicated a strong desire to develop a closer security relationship with the U.S. now that they have turned away from the Soviet Union as a source of arms.

February 16, 1978

Q. Where will Saudis/Egyptians be trained?

A. As is our general practice, those trained in the U.S. will form a cadre of qualified personnel which will return to their countries and serve as instructors there. After completing the training of this initial cadre, training in the U.S. will cease. A small mobile training team (approximately seven U.S. personnel) will be established in each country to assist the cadre of instructors trained in the U.S. to train the remaining personnel required to fully operate each system. This is the normal procedure used by the U.S. to assist other countries in absorbing U.S. equipment. No U.S. personnel will participate in operational flights in-country.

February 16, 1978

Q. Why was the Israeli request for 150 F-16s cut in half and the request for 25 F-15s reduced to 15?

A. This sale is neither the beginning nor the end of our military relationship with Israel.

-- Over the past five years, we have provided more than \$10 billion worth of military and economic aid to Israel, mostly in the form of outright grants or low-interest loans, because we believe Israel must be secure.

-- Today Israel is stronger militarily than at any point since the creation of the state 30 years ago. The Israeli Defense Forces are equipped at every level with the finest and most sophisticated military equipment in the world.

-- However, security is not a static condition, and we are fully aware of Israel's need to constantly modernize its forces. We believe that this sale will ensure that Israel's air force will remain a modern and effective force through the 1980s and beyond.

-- We shall continue to maintain close contact and cooperation with Israel on its security in the future as we have in the past. This is one of the fundamentals of our foreign policy and a central principle of our entire Middle East policy.

SINAI II COMMITMENT

Q: How can you consider these three sales as a package, when the commitments were made separately? For example, the sale of F-16s to Israel was promised in the Sinai II Agreement and has nothing to do with either Egypt or Saudi Arabia.

A: -- The Sinai II Agreement of September 1975 included a statement that the United States Government would continue to maintain Israel's defensive strength through the supply of advanced types of equipment such as the F-16 aircraft.

-- This commitment is well known. However, in view of the fact that F-16 deliveries could not begin for a number of years, the precise timing of a decision to proceed with a letter of offer is obviously a matter of judgment.

-- This sale cannot be divorced from the broader political considerations of the entire Middle East situation, and it is our firm view that the Israeli case, along with the other cases being sent to Congress, is extremely important in terms of our ability to work for a peaceful and stable Middle East.

February 16, 1978

Q. Have the Israelis expressed their view on the sales?

A. The Israeli Government is opposed to the sales to Egypt and Saudi Arabia. Similarly, the Arab governments are opposed to the sale of aircraft to Israel. We would not expect either side to support sales to the other, but hope that there will be understanding of how these sales fit into the context of our efforts to reach a Middle East peace settlement.

February 16, 1978

Training of Egyptian Pilots

Q: What about the training of Egyptian pilots in Saudi Arabia a few years ago?

A: In 1975 six Egyptian pilots and nine maintenance personnel received orientation training on the F-5 in Saudi Arabia. We asked the Saudis to end the program. It was ~~terminated~~ after two months, and since then no Egyptians have received training. Given the time lapse, none of these pilots are currently qualified on the F-5.

It should be noted that in 1975 such training did not constitute a violation of the Foreign Military Sales Agreements or laws in effect at that time. The law has been changed and Saudi Arabia is well aware of the legal prohibition on training third country nationals without U.S. approval.

February 14, 1978

Q: What is the threat to Egypt in Africa?

A: Egypt faces a threat from Libya which is likely to increase as more and more Soviet equipment is introduced into the Libyan inventory. The Libyan Air Force is already capable of reaching all targets in Egypt with the TU-22 BLINDERS and most population centers with its MIG-23s and MIRAGES. Additionally, the Libyan army has almost reached parity with the Egyptians in armor (2000 vice 2200).

Egypt also faces a possible threat from the South, from Ethiopia through Sudan, with which Egypt has mutual defense agreements. Aswan can be reached by both the MIG-23s and the BEAGLE which are now being introduced into the Ethiopian inventory.

February 14, 1978

Q: Could the Egyptian F-5s be used in Somalia?

A: The Egyptian F-5s could not be operationally supported from bases in Somalia without a major provisioning effort - to include ground support equipment, munitions, spare parts, and trained personnel. Additionally, the USG would have to give its assent as required by the Arms Export Control ACT.

February 14, 1978

SAUDI ARABIA AS A FOURTH CONFRONTATION STATE

Q: Given the accelerated military modernization and acquisition program that has taken place in Saudi Arabia, is it not now a fourth confrontation state?

A: -- Saudi Arabia is not a fourth confrontation state on Israel's border. It shares no land border with Israel and its leaders have repeatedly assured us they have no aggressive intentions toward any state in the area. Saudi Arabia shares with us an interest in a stable and peaceful Middle East.

-- In addition, Saudi Arabia does not, and will not for the foreseeable future, possess a "major military force." It will in fact have the smallest armed forces of any major state in the Middle East with which to defend its vital resources.

February 16, 1978

Q. Isn't the sale of F-15s to Saudi Arabia likely to result in the Saudis joining in the next Arab/Israeli war?

A. Saudi Arabia has never engaged in significant combat with Israel during any previous war. It is unlikely that with its limited forces Saudi Arabia would do so in a future war. A Saudi attack on Israel would have only limited effects and could bring an Israeli retaliation with serious damages to facilities in Saudi Arabia.

The Saudi F-15 will be primarily an air defense system and as such will not constitute a threat against Israeli installations.

February 16, 1978

SAUDI FORCES IN CONFRONTATION STATES

Q. Have not Saudi forces and aircraft been stationed in Jordan and Syria?

A. The Saudis removed their brigades from Jordan and Syria in 1977. Saudi forces, wholly under Saudi control, did participate in maneuvers with Syrian army units in Syria in 1975. No Saudi aircraft have ever been stationed in Jordan or Syria except to transit briefly while on such training exercises.

February 15, 1978

Q. Could Saudi Arabia use the F-15s against Israel?

A. Obviously the F-15s could be used against Israel. But, if we ask how likely such use is, the answer is -- highly unlikely.

Saudi Arabia has historically avoided actual combat in Arab/Israeli conflicts. In 1976, they withdrew the limited land forces that they maintained in Syria and Jordan partially to avoid entanglement in a possible future conflict. They have not used against Israel the other aircraft that they have long possessed.

That historical avoidance of combat in Arab-Israeli wars is likely to continue. The Saudis are unlikely to jeopardize their present close relationship with the United States by engaging in an Arab-Israeli conflict. Moreover, to use the F-15s against Israel in a future war would leave Saudi territory extremely vulnerable to an air strike from Israel.

February 15, 1978

Q. Can the Saudi F-15s be transferred to another Arab country for use against the Israelis?

A. Such a transfer would be statutorily prohibited and is highly unlikely but is theoretically possible. It would put at risk the good relations between the United States and Saudi Arabia. It would make little practical sense since no Arab country has the pilots or technicians to operate the F-15. Moreover, in the event of transfer, the United States could cut off the flow of support parts which would eventually render the F-15s ineffective. Additionally, such a transfer would both give the Israelis a reason to attack the Saudis and, at the same time, deprive the Saudis of their best air defense weapon.

February 14, 1978

Q. Does the study of the regional arms balance and absorptive capacities support the sale of F-15s to Saudi Arabia?

A. Yes. The study indicates that Saudi Arabia will require replacement aircraft for their aged Lightnings in order to meet the probable air threat in the 1980s. Although Saudi Arabia will require outside assistance in assimilating the new aircraft, the substantial progress that the Saudis have made in absorbing the F-5, including the ability to support and maintain it, should facilitate absorption of the F-15.

February 14, 1978

Q. What are the Saudi's receiving the F-15 rather than the F-16 or the F-5?

A. In April 1974, the USG conducted a survey of the Royal Saudi Air Force (RSAF) to assist in developing a plan for modernization. The survey team concluded there was a need for the Saudis to purchase additional F-5E/F type fighters as well as an advanced fighter to replace their aging British Lightning interceptors. The team found that the Saudis had a legitimate requirement for an all-weather, air superiority fighter to supplement the day-visual capability of the F-5s.

After extensive review of U.S. advanced fighter aircraft (F-14, F-15, F-16, and F-18), the Saudis chose the F-15 primarily based on its all-weather intercept capability, requirement for only one crew member, and twin engines.

February 16,, 1978

OIL PRICES

Q. Saudi Arabia as the largest oil producer has benefited greatly from the quadrupling of oil prices in 1973. Why should it be rewarded for such oil policy which is both self-serving and damaging to the West?

A. Both the U.S. and its allies get a substantial part of our imported oil from Saudi oil fields, and a military threat to those installations would directly affect the economies of the entire Western world.

We also rely heavily on Saudi Arabia to use its influence in the Arab world in a constructive manner which will further the peace process. In the past, because of the close relationship between our two countries, we have been able to count on Saudi cooperation. Part of that relationship is based on the very close security relationship which has grown up between our two countries over nearly three decades. The proposed F-15 sale is an important element of that security.

On oil policy, we have also relied heavily on Saudi Arabia to exercise moderation. At the last two OPEC meetings, Saudi Arabia took a firm position in favor of price restraint. The absence of a significant price increase during this period of time has been an important element in assisting the Western economies to recover from the worldwide recession of several years ago.

February 14, 1978

VALUE OF SAUDI MILITARY PURCHASES SINCE 1973

Q. What is the value of U.S. arms sales to Saudi Arabia since 1973?

A. First, a distinction must be drawn between total FMS purchases by a country and "arms sales." FMS purchases by Saudi Arabia over the last four years have totaled approximately \$12 billion dollars, of which about half -- \$6.2 billion -- has been for non-weapons-related construction.

February 16, 1978

THE SIZE OF SAUDI ARMED FORCES

Q. You have commented on the small size of the Saudi Armed Forces. Could you give us an idea of just how small they are?

A. Authoritative figures show that Saudi Arabia has approximately 69,500 officers and men in its Armed Forces.

They are broken down as follows:

Army	40,000
Air Force	5,500
Navy	1,500
National Guard	16,000
Coast Guard and Frontier Forces	6,500

Even after completion of the current military modernization program, the Saudis will have no more than 100,000 men under arms.

Note: The combined strength of the Saudi Army, Air Force, Navy and National Guard is considerably less than the combined National Guard forces of five southern States (Louisiana, Alabama, Georgia, and the two Carolinas) -- yet Saudi Arabia is almost one-fourth the size of the United States and has the largest oil reserves in the world.

February 16, 1978

Q. If, as you say, the F-15s are not for use against Israel, why does Saudi Arabia need them?

A. Saudi Arabia has been attacked three times by forces from PDRY; during the 60s was bombed by Egyptian aircraft supporting the revolution in Yemen; and, has a long history of ideological conflict, as well as border and tribal disputes, with Iraq.

For the last quarter century it has been under political pressure, and sometimes military attack, from radical Arab neighbors. The close Saudi relationship with the United States through times of general Arab hostility toward us has made Saudi Arabia feel particularly vulnerable. Yet the Saudi leadership has steadfastly withstood this pressure, in the faith that U.S. support for Saudi Arabia's defense needs would be constant.

February 14, 1978

Q: What forces does Iraq have?

A: Iraq's active armed forces number about 188,000 personnel with reserves of about an additional 250,000. They presently have about 1350 tanks and 1800 armored fight vehicles with more tanks on order from the Soviet Union. They are very well equipped in artillery and have some surface-to-surface missiles. The Air Force is mostly of Soviet origin. In all, they have about 369 combat aircraft. The above, unclassified data can be found in more detail in the Military Balance 1977-1978 put out by the International Institute for Strategic Studies in London.

February 14, 1978

Q: How likely is it that Iraqi Forces will be used against Saudi Arabia?

A: We have no way to predict what Iraq might do.

Although I am unaware of any present signals of Iraqi intentions to actively menace Saudi Arabia, or to actively create unrest on her borders, Iraq's stubbornly hostile attitude, combined with the military potential of her large, modern, Soviet supplied armed forces, makes her an ever present and serious threat to Saudi Arabia. Certainly, the Saudis must take this threat seriously, especially since their own armed forces are much smaller and less capable than those of Iraq.

February 15, 1978

Q. What forces does the Peoples Democratic Republic of Yemen (PDRY) have?

A. Generally, the total armed forces number is about 21,000 personnel of which about 2,000 are air force and 300 navy. The army of about 19,000 is organized into 10 infantry brigades, two armored battalions, and one artillery brigade. They have about 200 tanks and a small number of armored and scout cars. The air force is quite small, all Soviet supplied, and they have a handful of assorted cargo planes, helicopters, and trainers.

If you want a generally reliable, unclassified source for this kind of information, you might look at the Military Balances 1977-1978 put out by the International Institute for Strategic Studies in London.

February 16, 1978

Q: How likely is it that PDRY forces will be used against Saudi Arabia?

A: Given past PDRY actions, it is possible that PDRY forces could be used against Saudi Arabia. The PDRY has attacked Saudi territory on three occasions; a border skirmish in 1969, an air strike in the Spring of 1973, and the most recent incident involving ground patrols in the summer of 1976. While PDRY military activity does not threaten major civil targets in Saudi Arabia, it could threaten Saudi military forces in the Southern area.

February 14, 1978

TABUK

Q: Is it true that the Saudis have developed a major airbase on their northwestern frontier at Tabuk?

A: Saudi Arabia is not constructing a major airbase at Tabuk. The present Saudi Air Force Base at Tabuk represents an expansion of the civilian airport which has been used by the Saudi civil airline since the early 1960s. In 1974 a British firm constructed additional facilities at Tabuk and an additional runway.

We have no evidence that the Saudis are focusing a military buildup on their northwest frontier.

February 14, 1978

OTHER AIR BASE FACILITIES IN THE NORTHWEST

Q. But aren't the Saudis building air bases along their northern border at Turayf and Gurayat?

A. New asphalt strips have been constructed near Turayf and Gurayat to replace old dirt strips. This is a part of a country-wide program to improve civil aviation and has no direct military application other than the general usefulness of any runway for emergency landings. There are no airbase facilities at either of these civilian airfields. Fighter aircraft could not effectively operate from either field.

February 16, 1978

FOLLOW-ON SALE OF AWACS

Q. Wont's the sale of F-15 fighters stimulate a request for AWACS?

A. No. All fighters benefit from any assistance from ground or airborne radars. However, the shorter the radar range of the fighter, the more assistance is required. The F-15 with its long range radar therefore requires significantly less assistance than other aircraft and would reduce the requirement for additional radar systems.

The Saudis have never expressed any interest in buying AWACS.

February 16, 1978

Q: We hear that ACDA opposed the sale of F-15s to Saudi Arabia. Were the views of ACDA taken into account in making these decisions?

A: ACDA presented its views on each of the sales. Although ACDA still has reservations on the sale of F-15s, the agency has concurred in the sales for overriding foreign policy reasons.

THE PRESIDENT'S SCHEDULE

Thursday - April 27, 1978

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Frank Moore - The Oval Office.

9:00 Signing Ceremony for S. 2452, An Act to Authorize
(5 min.) Funds for the Hubert H. Humphrey Institute of
Public Affairs and for the Everett McKinley Dirksen
Congressional Leadership Research Center.
(Mr. Frank Moore) - The Cabinet Room.

10:15 Honorable Arthur Goldberg. (Dr. Zbigniew
(15 min.) Brzezinski) - The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Congressmen James C. Corman and Charles B.
Rangel. (Mr. Frank Moore) - The Oval Office.

11:25 Congressman Henry S. Reuss. (Mr. Frank Moore).
(15 min.) The Oval Office.

12:00 Meet with Winners of the President's Environmental
(10 min.) Youth Awards. (Ms. Midge Costanza) - Rose Garden.

2:00 Receive Final Report of the President's Commission
(15 min.) on Mental Health - The East Room.

Mr. President,

We line up.

7-1

for the legislation.

W. Amos

THE WHITE HOUSE
WASHINGTON

4-27-78

Civil Service Reform

Ed Derwinski (Ill) ✓

John Rousselot (Ca) ✓

Jim Collins (Tx) ✓

Gene Taylor (Mo)

Ben Gilman (NY) ✓

Trent Lott (Miss) ✓

Jim Leach (Io)

Tom Corcoran (Ill)

Ed - Will move bill

Drop HR 10

Demos want union shop

Public support

Russelot No > EO

Ben - Vet pref

Collins Job security YES

Trent EO & Vet pref

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

C

April 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM/BR*

At 10:40 a.m. today, the Finance Committee adopted the Dole import fee resolution by a vote of 11 - 6. The vote was as follows:

With us: Long
Talmadge
Gravel
Bentsen
Haskell
Nelson

Against us: Curtis
Hansen
Dole
Laxalt
Danforth
Roth
Ribicoff
Hathaway
Moynihan
Harry Byrd
Matsunaga

The Democrats we lost, with the exception of Harry Byrd, were all from states heavily dependent upon oil imports.

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 26, 1978

TO: THE PRESIDENT AND MRS. CARTER

FROM: GRETCHEN POSTON *Gp*

SUBJ: PRESENTATION AND RECEPTION FOR THE PRESIDENT'S COMMISSION
ON MENTAL HEALTH FINAL REPORT -- APRIL 27, 1978

SCENARIO

1:30 p.m. Guests begin arriving through SW Gate and proceed to Diplomatic Reception Room.

1:50 p.m. Commissioners and Distinguished Guests (Senator Kennedy, Congressman Paul Rogers, Secretary Califano, The Vice President) gather in the Blue Room.

1:55 p.m. THE PRESIDENT and MRS. CARTER arrive Blue Room to greet Commissioners and distinguished guests.

1:58 p.m. Commissioners are escorted by Aides into East Room and onto platform. (Toe cards)

Distinguished guests are escorted into VIP section at platform - NOTE: VIP area inside plant material at base of platform on East Wall.

PRESS set-up on West Wall of East Room

2:00 p.m. THE PRESIDENT and MRS. CARTER proceed to East Room and are announced into room.

MRS. CARTER welcomes guests and makes remarks

2:05 p.m. MRS. CARTER presents copy of final report to THE PRESIDENT
(From table on platform)

2:06 p.m. PRESIDENT'S REMARKS

2:10 p.m. At conclusion of President's remarks, MRS. CARTER moves to podium and asks Senator Kennedy, Congressman Rogers Secretary Califano, and Vice President to join her on platform.

MRS. CARTER presents each with copy of final report. (5 copies)

2:15 p.m. PRESIDENT departs. Commissioners and distinguished guests step off stage and into VIP area.

page 2

MRS. CARTER remains on platform and takes questions from the press.

2:30 p.m. Conclusion of PRESS OPPORTUNITY. MRS. CARTER departs stage and proceeds to State Dining Room.

2:33 p.m. MRS. CARTER has Receiving Line in State Dining Room.

3:15 p.m. (Approximately) Guests begin to depart Residence.

ALL GUESTS receive copy of the President's Commission on Mental Health in Diplomatic Reception Room from Social Aides as they depart.

cc: Rick Hutcheson
Tim Kraft
Phil Wise

Nancy Willing
Rex Scouten
Billy Shaddix
Lt. Barnes
Sgt. Oleksia
Dick Keiser
Mil. Aides

Mary Hoyt
Ann Anderson
Jane Fenderson
Rita Merthan
Carol Benefield
Madeline MacBean
Kathy Cade

THE WHITE HOUSE

WASHINGTON

April 26, 1978

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS, ^{JL} RICK HERTZBERG *Rick*

SUBJECT: Presentation of Final Report of the
President's Commission on Mental Health

Background

Present in the East Room will be the 20 commissioners and 30 staff members of the Commission, plus most of the 450 members of the 32 special study "task panels."

Mrs. Carter will speak briefly and will make the formal presentation of the Report to you just before you speak. Then you will turn the program back to her.

Talking Points

1. In addition to paying tribute to Mrs. Carter's role as an informed, effective advocate for mental health, you might mention the presence of Secretaries Califano and Harris; Congressman Paul Rogers; and Dr. Tom Bryant, Chairman of the Commission, who supervised the preparation of the Report.
2. Mental illness and mental disabilities cause suffering to tens of millions of Americans. It is estimated that some 15 per cent of our people need mental health services at any one time -- and although we are spending some \$17 billion a year on these services, half of it public money, not enough people are being reached or truly helped.
3. This was the problem to which the people in this room, and many others as well, addressed themselves in the course of preparing this report. Thanks to Mrs. Carter, you have followed their progress closely.
4. The report makes 117 recommendations. Most of them are directed toward improving services for the mentally ill through better planning and better coordination between the Federal government and local and state governments; between government and the private health sector; and between the mental health community and those concerned with general health and other human services.

5. In particular, the report calls for:

- better care for the chronically ill;
- emphasis on prevention of mental disabilities such as mental illness, retardation, and drug and alcohol abuse;
- research into the causes and treatment of those conditions; and
- strengthening existing community support -- families, churches, schools, and so on -- and linking them more closely with the formal mental health care system.

6. You are looking forward to studying the report and its recommendations in detail. They will also be closely analysed by your Domestic Policy Staff and by HEW, HUD, and the other agencies of government concerned with the problem.

7. This report represents a tremendous effort by those in this room and many others, and you want to express the nation's gratitude to them.

(You might then speak briefly again about Mrs. Carter before turning the program back to her.)

THE WHITE HOUSE

WASHINGTON

April 27, 1978

Richard Pettigrew

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed originals have been given to Stripping for mailing.

Rick Hutcheson

cc: Stripping

LETTERS TO CLARENCE MITCHELL AND
JOHN RYOR

THE WHITE HOUSE
WASHINGTON

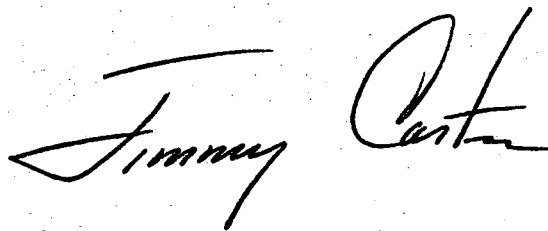
April 27, 1978

To John Ryor

Thank you for indicating the renewed commitment of the National Education Association to securing a Department of Education. As you know, I feel strongly that education must benefit from Presidential leadership and Cabinet-level attention.

I believe equally strongly that education must be viewed, and organizationally reinforced, as a lifelong and many-faceted process -- hence my proposal for a Department that includes such programs as Project Head Start and child nutrition. I hope you share this view and will give my comprehensive proposal the strong support of the National Education Association.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with the first name "Jimmy" and the last name "Carter" clearly distinguishable.

The Honorable John Ryor
President
National Education Association
1201 16th Street, N.W.
Washington, D. C. 20036



EXECUTIVE OFFICE

NATIONAL EDUCATION ASSOCIATION • 1201 16th St., N.W., Washington, D C 20036 • (202) 833-4000

JOHN RYOR, President

WILLARD H. MCGUIRE, Vice-President

JOHN T. MCGARIGAL, Secretary-Treasurer

TERRY HERNDON, Executive Director

Chris Matthews

April 18, 1978

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

Those of us who have long sought a Cabinet Department of Education are most appreciative of your Administration's strong support expressed by Mr. McIntyre last week in hearings.

On behalf of the 1.8 million members of NEA, I want to thank you and to assure you of our commitment to continue our efforts to secure a Department of Education.

Sincerely,

John Ryor
President



NATIONAL EDUCATION ASSOCIATION

1201 16th St., N. W.

Washington, D. C. 20036

The President
The White House
Washington, D. C. 20500



VISIT NAT'L WILDLIFE
REFUGES. 1903-1978
75TH ANNIVERSARY YR.



USA 13c

LIBERTY TRE

T H E W H I T E H O U S E

DATE: 27 APR 78

INFO ONLY: LANDON BUTLER

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

WASHINGTON

April 27, 1978

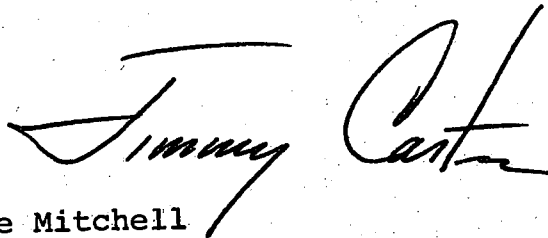
To Clarence Mitchell

I want to thank you for your letter commenting on reorganization of Equal Employment Opportunity functions. Reorganization Plan No. 1 of 1978 is scheduled to become effective on May 5, and I am sure that this gives you as much satisfaction as it gives to me. No one fought as hard for Equal Employment reorganization as you, and I deeply appreciate your support.

I also am encouraged that you plan to keep an eye on the implementation of this reorganization. I am confident that members of my Administration will insure that the EEO plan becomes one of our most notable successes. Few functions of government are more important than insuring equal opportunity for all citizens.

I look forward to your continued counsel and support.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with the first name "Jimmy" and the last name "Carter" clearly distinguishable.

The Honorable Clarence Mitchell
Director
National Association for the
Advancement of Colored People
733 15th Street, N.W.
Washington, D. C. 20005

78
Chris Matthews

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE

WASHINGTON BUREAU
SUITE 410 · WOODWARD BUILDING
733 15th STREET, N.W.
WASHINGTON, D. C. 20005

(202) 638-2269

April 7, 1978

Honorable Jimmy Carter
President of the United States
The White House
Washington, D. C.

Dear Mr. President:

Thank you for your generous action of indicating your intention to give Senate critics of your Reorganization Plan Number One for 1978 a reasonable chance to offer for consideration any changes that they care to suggest with respect to Section 3(b) functions to be transferred from the Civil Service Commission to the Equal Employment Opportunity Commission. Although I am commending you for your statesman-like handling of this matter, I do not wish in any way to imply that I believe the Senators deserve this courtesy nor do I have the slightest sympathy or respect for the way the members of the Committee extracted this promise.

One member of the Committee stated publicly during the hearings that the plan would be revised to meet his approval or there would be no approval. Another member of the Committee openly threatened to restrict the President's reorganization power in the future. Of course, he phrased the threat in the Senate's velvet language but the meaning was clear to all those familiar with the working of Washington. So far as I am concerned, it will go down as one of the more shameful ways of handling civil rights in all of the more than thirty years I have been in Washington.

As you know, the Leadership Conference on Civil Rights and many leaders in the Black community urged the adoption of what you sent over to the Congress on February 23, 1978. The support for this proposal was based on long participation and studies by persons interested in civil rights in the United States. Because the interest in this matter reached the attention of your Administration as early as January, 1977, it is incredible that any of the friends of civil rights in the Senate would advance the argument that they had not been fully advised on the proposal before it came over to the Senate.

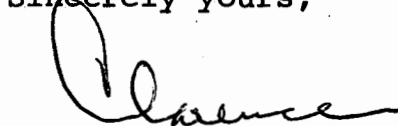
Honorable Jimmy Carter
Page 2
April 7, 1978

So far as I am concerned, and basing this assertion on my own exploration, the objection to the plan was generated by staff members of the Committee on Governmental Affairs who are oriented to giving the Civil Service Commission jurisdiction on civil rights matters. Inevitably, this means giving more authority to the career discriminators who are entrenched in the Commission and have sought through the years to frustrate fair play no matter what administration or what Commission was in office.

In my testimony before the House and Senate Committees, I offered for the record commendation of James McIntyre, then Acting Director of OMB, Harrison Wellford, Executive Associate Director for Reorganization and Management of OMB and Howard Glickstein, Director of the Task Force on Civil Rights Reorganization of OMB, and Honorable Eleanor Holmes Norton, Chairman of the Equal Employment Opportunity Commission, for their handling of the reorganization assignment. There is absolutely no reason why this plan should be delayed after January 1, 1979, and I hope you will stand firm on that date as the cut-off.

Needless to say, I shall be keeping a kind of eagle eye scrutiny on any proposal that the members of the Senate make to determine whether it has the effect of watering down the proposal as written in the Reorganization Plan Number One of 1978. Perhaps the most ironic assessment of this matter is that you, as a native of the State of Georgia, have proposed a vital step forward in ending discrimination within the Federal service and the chief dissenting forces have come from Senators representing northern states. That is one of the reasons why this matter will leave a bitter sweet recollection in my memory for many years to come.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Clarence Mitchell".

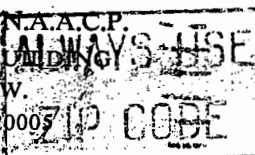
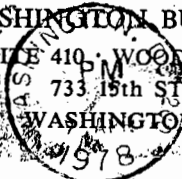
Clarence Mitchell
Director
Washington Bureau

WASHINGTON BUREAU N.A.A.C.P.

SUITE 410 • WOODWARD BUILDING

733 15th STREET, N.W.

WASHINGTON, D. C. 20005



Honorable Jimmy Carter
President of the United States
The White House
Washington, D. C.

ID 782198

T H E W H I T E H O U S E

WASHINGTON

DATE: 27 APR 78

FOR ACTION:

INFO ONLY: BUNNY MITCEHLL

SUBJECT: LETTER TRANSMITTED BY PETTIGREW TO PARREN MITCHELL
RE REORGANIZATION OF EQUAL EMPLOYMENT OPPORTUNITY
FUNCTIONS

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

11:00 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 27, 1978

C
/

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
FRANK RAINES

Stu

SUBJECT:

Meeting with Congressmen Corman
and Rangel

We know that the subject of this meeting is the natural gas compromise. However, the subject of welfare reform may come up. We suggest you make the following points:

- We are happy that the Corman, Ullman and other staffs are meeting with HEW to discuss possible areas of compromise.
- We remain committed to the most comprehensive welfare reform we can get. We still hope that a bill can be passed this year.
- We will remain in close contact with Corman and Rangel as the staff discussions progress to insure that our efforts are coordinated.
- We appreciate the support Corman and Rangel have given to our welfare reform plan.

It is not likely that they will try to obtain a commitment from you on the form of a possible compromise. If they do try it would be best to tell them that you cannot make a commitment without seeing an analysis of the impact and cost.

Secretary Califano has recently met with Corman as well as Senators Baker, Bellmon and Ribicoff to discuss their welfare reform plans. The HEW staff will be meeting with the Senator's staff people to discuss their plan.

11:25 AM

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

April 26, 1978

MEETING WITH REP. HENRY REUSS (D-5-WIS.)

Thursday, April 27, 1978
11:25 a.m. (15 minutes)
The Oval Office

From: Frank Moore *Sm/d.*

I. PURPOSE

To discuss the natural gas compromise.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLANS

Background: Reuss is one of those who would prefer to forget taxes and gas and just enact the first three provisions of the energy plan. He believes any plan we enact will be sufficient, and that three bills are as good as five.

He also believes the gas bill is too expensive, and thinks COET is inflationary and unnecessary. He has gone in the opposite direction of Corman and Rangel and said he might support the gas bill only if the tax bill and COET are not enacted.

An appeal to his leadership role as a Democrat and his position on the Banking Committee in terms of the international situation should be helpful. Stressing the positive aspects of the gas bill, the need to stop subsidizing imports by enacting COET, and the national and international failure implicit in only three provisions of the Plan are probably the best approach.

Participants: The President, Rep. Reuss, Frank Moore,
Dr. Schlesinger, Jim Free.

Press Plans: White House Photographer

III: TALKING POINTS

To be provided by Dr. Schlesinger.

Reuss Talking Points

- I understand you feel that the natural gas settlement may be too expensive, and that you have conditioned any possible support of it on the abandonment of the tax bill and COET.
- I want to talk with you about both these points.
- The gas compromise is a good one that is fair to both consumers and producers and a substantial improvement over existing law. Compared to the current failing regulatory system and the possibility of full deregulation passing in the next several years, it is a difficult proposal to reject.
 - o It provides seven more years of certain regulation, with a Congressional right to reimpose at a later time if necessary.
 - o It costs no more than the existing regulatory program under which almost no new gas is flowing into the gas starved interstate system.
 - o It controls the intrastate market and creates for the first time a national market for natural gas.
 - o It provides for a strong and mandatory incremental pricing provision to protect the residential consumer from rising prices by first passing them through to the least desirable industrial boiler fuel users.
- It is not the bill you or I would have written by ourselves. But the nation sorely needs to bring order to our natural gas markets and more importantly enact an energy bill. This is a reasonable compromise that will move us in that direction.
- I also want to stress that importance of enacting the entire energy bill. The goal of the National Energy Plan is to enact a comprehensive energy program. The first three portions of the Plan - the Conservation, Rate Reform and Coal Conversion provisions - are useful and important pieces of legislation.

- But by themselves, they are hardly a comprehensive energy program. They account for only a small portion of the total savings in the energy program, and they ignore the critical questions of natural gas pricing and an oil pricing program that currently encourages imports.
- Settling for only the first three bills would be tantamount to conceding - both here and around the world - that this country is incapable of dealing with its energy problems.
- If we don't stop subsidizing imports through COET, I may be forced to implement the far inferior approach of imposing fees.
- I need your help on gas, Henry, even if you can't support the tax bill. It is critical to the energy bill and the nation to maintain the momentum on gas.
- If we fail, it will be the country and the Democratic majority who will bear the burden of that failure.
- As national leaders and Democrats, I hope we can work together to finally produce a national energy policy, and this gas compromise is a critical step in that direction.

11:00 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 26, 1978

MEETING WITH REPS. CHARLES RANGEL (D-19-N.Y.)
AND JAMES CORMAN (D-21-CALIF.)

Thursday, April 27, 1978
11:00 a.m. (15 minutes)
The Oval Office

From: Frank Moore *J.M./pd*

I. PURPOSE

To discuss the natural gas compromise.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLANS

Background: Congressman Corman and Rangel have been told by consumer groups and unions in their districts that the gas settlement will be costly to consumers. It will be important to stress with both of them the advantages of this compromise over existing law, as well as the kind of real deregulation bill that might pass in the next year or two. The protection that results for residential consumers from the incremental pricing provision should also be noted.

Corman has been one of the strongest supporters of the tax bill and COET. In an informal meeting of Conferees on Tuesday, the Republican and liberal Democrats began discussing the possibility of passing just the first three or four bills and separating out the tax bill. Corman countered with a pledge to not approve the gas bill unless he sees satisfactory movement on the tax bill and COET. Rangel joined him in expressing support for this linkage approach.

Up to a point, this threat can be helpful. If carried out, however, it is high risk; if the tax bill should fail, that could mean the gas bill would also fail if their two votes are needed.

There are currently 11 supporters of the compromise among the House Conferees. Thirteen are needed to pass. Any two from the list of Corman, Rangel, Reuss, Joe Waggoner or the Republicans will be needed to put it over the top.

Corman and Rangel are probably the best candidates in this group if they can be persuaded to at least tentatively approve the natural gas compromise, withholding their signatures from the final Conference report at a later date if they are not satisfied with the tax bill.

This will enable the current momentum on gas to carry forward at least to a tentative agreement while work continues on COET and taxes. If at a later time the tax bill collapses, there will be an opportunity to find other potential votes to move the remaining four bills forward if Corman and Rangel make good on their threat.

If, on the other hand, they refuse to even tentatively approve gas, and no other votes are forthcoming, the momentum will be lost and the entire Conference could bog down over taxes while gas remains unsettled.

The other major points to stress should include the need for a bill and an appeal to them as national Democratic leaders.

A brief description of the general advantages of the compromise gas agreement and its economic impacts is attached as well as suggested talking points.

Participants: The President, Rep. Reuss, Frank Moore, Dr. Schesinger, Jim Free.

Press Plans: White House Photographers.

III: TALKING POINTS

To be provided by Dr. Schlesinger.

ECONOMIC IMPACTS OF THE COMPROMISE NATURAL GAS AGREEMENT

Comparison with the Current System

The economic impacts of the compromise natural gas agreement can be assessed from two distinct perspectives--user costs and producer revenues. By opening the interstate market to all natural gas supplies and providing higher new gas prices, the compromise would create incentives for significantly higher production between now and 1985--at least 4.9 tcf cumulatively and perhaps as much as 6 to 7 tcf. That additional supply will be available at prices less than the cost of alternate fuels such as imported fuel oil, LNG or SNG.

Thus, while the additional supply provides a higher level of gross revenues for producers, it simultaneously provides users with a net benefit equal to the difference between the price of the gas and the cost of the alternate fuel that is displaced by the additional gas.

For example, if the compromise led to 6 tcf of additional supply through 1985, the cost of the additional gas would be \$13.6 billion, but it would displace more expensive alternate fuels that would have a cost of up to \$18.8 billion. There would thus be a \$5.2 billion benefit to consumers as a result of this increased production.

In summary, the compromise proposal would have the following impacts in relation to a continuation of the current system:

Users Costs (billions of 1977 dollars)

	<u>Status Quo</u>	<u>Compromise</u>	<u>Difference</u>
Revenues to Domestic Gas Producers	\$142.5 to 147 ^{1/}	\$161.1 to 163.7	\$16.7 to 21.2
Revenues to Sellers of Alternate Fuels Assumed to be:			
70% Fuel Oil			
20% LNG			
10% SNG	<u>15.2 to 18.8</u>	<u>--</u>	
Total Payments by Consumers	\$157.7 to 165.8	\$161.1 to 163.7	-2.1 to +3.6

Domestic Gas Producer Gross Revenues (billions of 1977 dollars)

	<u>Status Quo</u>	<u>Compromise Proposal</u>	<u>Difference</u>
With Status Quo Supply	\$142.5 to 147 ^{1/}	\$150.1	+3.1 to 7.6
With 4.9 tcf Supply Response	N.A.	161.1	+14.1 to 18.6
With 6.0 tcf Supply Response	N.A.	163.7	+16.7 to 21.2

Compared with the House and Senate Bills

The compromise is slightly more than \$20 billion more expensive for users than the House-passed bill and increases producer revenues by \$22 to \$23 billion. Compared with the Senate-passed bill, the compromise would have approximately \$45 billion less in consumer costs and producer revenues.

^{1/} The \$142.5 billion represents a conservative status quo case that assumes no real increase in interstate or intrastate price through 1985. The \$147 billion assumes that FERC would increase interstate new gas (as defined in the compromise) prices in 1977 dollars to \$1.75 in 1978-79; \$1.85 in 1980-1; \$1.95 in 1982-83 and \$2.05 in 1985.

ADVANTAGES OF THE COMPROMISE NATURAL GAS AGREEMENT

The compromise natural gas agreement will provide a significant improvement over the existing regulatory system that will be fair and beneficial to both consumers and producers.

As indicated in the accompanying revenue analysis, the compromise proposal will cost energy users approximately the same as current law. Under the existing system, however, the vast majority of new gas sales have been made increasingly in the uncontrolled intrastate market. By finally establishing a single national market for new natural gas, the compromise will allow substantial additional quantities of natural gas to flow into the gas-starved interstate system.

Thus, one of the most important advantages of the compromise over the increasingly unworkable current regulatory system is that with no increase in natural gas costs to users, increased gas production of as much as 6 tcf between now and 1985 will flow into the consuming States where it is sorely needed. Additionally, home consumers will be protected from increasing prices by a mandatory incremental pricing provision which first requires the pass-through of price increases to the least desirable, largest industrial boiler fuel users.

The creation of a single national gas market is also advantageous to the nation's natural gas producers. Because of the additional demand that will result from the interstate market, producer revenues between now and 1985 can be expected to increase by approximately \$20 billion (as indicated in the accompanying revenue analysis), resulting in a production increase of approximately 6 T.C.F.

The alternative to this proposal is no natural gas bill this year. That would mean:

- Continued producer uncertainty.
- Lost production because of the demand saturation in intrastate markets that is already causing production curtailments.
- Declining interstate sales.
- Increasing unregulated interstate emergency sales.

- Increasing energy costs for interstate consumers as they replace lost gas production with higher-cost substitute fuels.
- The domestic and international implications associated with the collapse of the Energy Bill.

Some who favor a permanent continuation and extension of controls have stated that the compromise proposal will cost the nation's consumers \$50 billion between now and 1985. It is important to consider the major assumptions that underlie this estimate. They assume that without any legislative action, the FERC can extend controls to intrastate gas and maintain prices through 1985 for all such gas at or below today's current interstate levels.

The question of whether FERC has such authority is one of considerable legal dispute. Even if they took such action, however, the uncertainty that would result during the years of court challenges and the practicality of their maintaining prices at or below current levels - including substantial intrastate rollbacks - is speculative enough to persuade the Administration that this is not the kind of option upon which the nation can rely for a natural gas pricing policy or a National Energy Plan.

The \$50 billion estimate also makes no adjustment for any increase in natural gas production as a result of the increased incentives in the compromise.

Conclusion

The proposed compromise is fair to both consumers and producers, and a major improvement over existing law.

It will:

- Cost users the same as the current system.
- Increase gas production.
- Move new supplies to where they are most needed in the interstate market.
- Protect homeowners from rising prices.
- Provide producers with new production incentives and price certainty.

- Open-up new markets to producers.
- Provide the Congress and the Executive an opportunity to assess the supply and demand balance of natural gas markets as we approach 1985 and beyond, so that further corrective actions can be taken if necessary.
- Represent a crucial step toward passage of a National Energy Act as part of the nation's effort to cope with the increasingly difficult energy challenges of the 1980's.

Corman and Rangel Talking Points

- I understand you both feel that the natural gas settlement may be too expensive, and that you have conditioned any possible support of it on satisfactory resolution of the tax bill and COET.
- I want to talk with you about both these points.
- The gas compromise is a good one that is fair to both consumers and producers and a substantial improvement over existing law. Compared to the current failing regulatory system and the possibility of full deregulation passing in the next several years, it is a difficult proposal to reject.
 - o It provides seven more years of certain regulation, with a Congressional right to reimpose at a later time if necessary.
 - o It costs no more than the existing regulatory program under which almost no new gas is flowing into the gas-starved interstate system.
 - o It controls the intrastate market and creates for the first time a national market for natural gas.
 - o It provides for a strong and mandatory incremental pricing provision to protect the residential consumer from rising prices by first passing them through to the least desirable industrial boiler fuel users.
- It is not the bill you or I would have written by ourselves. But the nation sorely needs to bring order to our natural gas markets and more importantly enact an energy bill. This is a reasonable compromise that will move us in that direction.
- I share your dedication to the enactment of COET and the critical provisions in the tax bill. Your linkage of the tax bill to natural gas can be helpful.

- I think it is essential, however, that in view of the energy bill's long stall, the momentum now associated with the gas bill not be lost.
- You can accomplish your goal, and keep the pressure on COET, by agreeing to at least tentatively approve the gas bill, reserving the right to withhold your signature from the full conference report depending on what happens to taxes.
- Putting a gas agreement behind us in the Conference will greatly enhance the prospects for succeeding on taxes.
- Stated simply, I have to have your help in the effort to enact this bill. If it fails, it will be the country and the Democratic majority who will bear the burden of that failure.
- As national leaders and Democrats, I hope we can work together to finally produce a national energy policy, and this gas compromise is a critical step in that direction.

Report
to the
President
from

The President's Commission on Mental Health

To view this document in its entirety, please
contact the Jimmy Carter Library

1978

Volume I

Contents

Letter of Transmittal

Mental Health in America: 1978

<i>Introduction</i>	2
<i>Findings and Assessment</i>	3

Recommendations

<i>Introduction</i>	12
<i>Community Supports</i>	14
<i>A Responsive Service System</i>	16
<i>Insurance for the Future</i>	29
<i>New Directions for Personnel</i>	35
<i>Protecting Basic Rights</i>	42
<i>Expanding the Base of Knowledge</i>	46
<i>A Strategy for Prevention</i>	51
<i>Improving Public Understanding</i>	55

Annotations

<i>Findings and Assessment</i>	60
<i>Community Supports</i>	60
<i>Services</i>	61
<i>Personnel</i>	67
<i>Basic Rights</i>	69
<i>Knowledge</i>	73
<i>Prevention</i>	76
<i>Public Understanding</i>	78

<i>Staff</i>	79
--------------------	----

<i>Task Panel Members and Other Contributors</i>	81
--	----

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

BILL SIGNING CEREMONY

Thursday, April 27, 1978

The Cabinet Room

9:00 a.m. (10 minutes)

From: Frank Moore *fm/pd*

I. PURPOSE

To sign into law S. 2452, the Hubert H. Humphrey Institute of Public Affairs and the Everett McKinley Dirksen Congressional Leadership Research Center Assistance Act.

II. PARTICIPANTS

Vice President Walter F. Mondale

Senator Muriel Humphrey

Senator Wendell Anderson

Dr. C. Peter Magrath, President, University of Minnesota

Mr. Derek Baker

Ms. Cynthia Baker

(Senator and Mrs. Howard Baker's son and daughter
and Senator Dirksen's grandchildren)

III. PRESS PLAN

Open Press

IV. SUMMARY OF THE BILL

S. 2452 authorizes \$5 million in grants to assist in the development of the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota and \$2.5 million in grants to assist in the development of the Everett McKinley Dirksen Congressional Leadership Research Center in Pekin, Illinois.

The Humphrey Institute authorization will provide approximately one-fourth of \$20 million estimated to be necessary for the

Institute's development and endowment. Half the income from the federal funds are expected to provide fellowships for about 30 able students who desire to enter positions in public and community service. The remaining income will help support other Institute programs.

The Dirksen Center authorization will provide endowment income for the development of educational programs, seminars, publications and research materials designed to increase knowledge and to stimulate inquiry on the role of the United States Congress and the Congressional leadership.

V. TALKING POINTS

Suggested statement attached.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 26, 1978

C
1

MEETING WITH ENVIRONMENTAL YOUTH AWARD WINNERS

Thursday, April 27, 1978
12:00 Noon (10 minutes)
Rose Garden

From: Margaret Costanza *MC*

I. PURPOSE

To greet and present certificates to 15 recipients of the President's Environmental Youth Awards.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: The President's Environmental Youth Award Program was established in 1977 by President Carter to recognize the accomplishments of young people who have become active environmentalists. This program is a successor to the President's Environmental Merit Awards Program established in 1971. The four projects and 15 recipients being honored by the President today are representative of the more than 70,000 young people who have been recognized for their environmental work during the past year.
- B. Participants: 15 Award Winners (9 from Fall River, Massachusetts; 1 from Breese, Illinois; and 5 from Washington DC); Representative Margaret Heckler (R-Mass); Douglas Costle, Administrator of EPA; Barbara Blum, Deputy Administrator of EPA; and six EPA staff members.
- C. Press Plan: White House Photo

III. TALKING POINTS

To be provided by Jim Fallows.

(Following the President's opening remarks, Douglas Costle and Barbara Blum will announce the names of the winners as the President presents the certificates).

12:00 PM

ENVIRONMENTAL YOUTH AWARDS

FALLOWS TALKING POINTS

THE WHITE HOUSE

WASHINGTON
April 27, 1978

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS, HEATHER PARS *JL* *HP*
SUBJECT: Talking Points - Environmental Youth
Awards Ceremony, 4/27/78

1. The Environmental Protection Agency has chosen these 15 award winners to meet with you as outstanding representatives of the more than 70,000 young people who have been recognized this year for their environmental efforts in their communities.

2. The concept behind the President's Environmental Youth Awards Program as with many of this Administration's efforts, is that state and local governments should set priorities with support and coordination from the federal government. These awards are administered nationally by the federal Environmental Protection Agency but their focus is entirely on service to the local community. That is where the projects are conceived and organized, the work is done, and the benefits are realized. Even the project evaluations are done locally by members of the community involved.

All successful projects have raised the environmental awareness of participants and communities as well. Some are exploratory in nature -- intended mainly to help students learn more about the environment, while others have more immediate practical applications to the environmental needs of the community.

3. The four projects undertaken by the 15 students here today are:

-- Steven Mensing from Breese, Illinois has studied the water quality of Beaver creek for the past 2 years. Spending his own money for test kits, he has made more than 2000 tests from his own backyard laboratory.

-- Nine students from Massachusetts spent this year doing a detailed field and historical research of the solid waste disposal in their city of Fall River. Based on their collected data, they met with local officials and suggested improvements for a more efficient and conservation-minded system for collecting trash and garbage.

-- Three elementary students conducted a beautification project at their school in Washington, D.C. They are also now planning to plant and maintain a vegetable garden for use by the school's lunchroom.

-- Two high school students, also from Washington, D.C., have been leaders in reducing waste in their community by establishing the first permanent recycling collection center of aluminum in their community. They have also conducted noise pollution tests of school classes, making both students and teachers aware that they must work together to avert the serious consequences of this problem.

4. Those of us fortunate enough to have grown up in rural settings have a deep, instinctive understanding of our natural environment. One of the many benefits of this program is to help young people everywhere acquire that same understanding.

5. Barbara Blum, Deputy Administrator of the Environmental Protection Agency will be present at the ceremony today. She has said:

"In so many ways, every effort to preserve and protect the environment is ultimately for the children -- and the beauty of the President's Environmental Youth Awards is that it helps them to help themselves.

"If we can encourage their respect and appreciation for our beautiful land, help them understand the fragile nature of nature, inspire their participation in projects of social benefit and provide positive reinforcement for accepting environmental responsibility at such an early age, then what great rewards we all receive merely by saying 'Thank you'".